



ANNUAL STATEMENT  
For the Year Ending December 31, 2007  
OF THE CONDITION AND AFFAIRS OF THE  
Paramount Care of Michigan

NAIC Group Code	1212 (Current Period)	1212 (Prior Period)	NAIC Company Code	95566	Employer's ID Number	38-3200310
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	12/16/1993		Commenced Business	06/07/1996		
Statutory Home Office	106 Park Place (Street and Number)		Dundee, MI 48131 (City or Town, State and Zip Code)			
Main Administrative Office			106 Park Place (Street and Number)			
	Dundee, MI 48131 (City or Town, State and Zip Code)		(734)529-7800 (Area Code) (Telephone Number)			
Mail Address	106 Park Place (Street and Number or P.O. Box)		Dundee, MI 48131 (City or Town, State and Zip Code)			
Primary Location of Books and Records			1901 Indian Wood Circle (Street and Number)			
	Maumee, OH 43537 (City or Town, State and Zip Code)		(419)887-2500 (Area Code) (Telephone Number)			
Internet Website Address	www.paramounthealthcare.com					
Statutory Statement Contact	Jeff Martin (Name)		(419)887-2959 (Area Code)(Telephone Number)(Extension)			
	jeff.martin@promedica.org (E-Mail Address)		(419)887-2020 (Fax Number)			

OFFICERS

Name	Title
John Charles Randolph Mr.	Chairman
John Charles Randolph Mr.	President
Kathleen Sheline Hanley Mrs.	Treasurer
Jeffrey Craig Kuhn Mr.	Secretary
Gary Wayne Akenberger Mr.	Sr. VP, Finance & Operations

OTHERS

Neeraj Kumar Kanwal M.D.  
Mark Henry Moser Mr.

Gary Wayne Akenberger Mr.

DIRECTORS OR TRUSTEES

Thomas Mark Sexton Mr.  
Nancy Ann Kessler M.D.  
Amy Marie Bergman Ms. #

Thomas Philip Cox M.D.  
John Charles Randolph Mr.

State of Michigan  
County of Monroe ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
John Charles Randolph	Jeffrey Craig Kuhn	Gary Wayne Akenberger
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Sr. VP, Finance & Operations
(Title)	(Title)	(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008

a. Is this an original filing? Yes[X] No[ ]

b. If no, 1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....				
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				5,007,801
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....10,017,204 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....5,269,494 Schedule DA) .....	15,286,698		15,286,698	6,487,290
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	15,286,698		15,286,698	11,495,091
11.	Title plants less \$.....0 charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	21,256		21,256	21,939
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection .....	178,542	632	177,910	238,176
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....				
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....				
16.1	Current federal and foreign income tax recoverable and interest thereon .....				
16.2	Net deferred tax asset .....	145,233		145,233	110,923
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....	2,208		2,208	6,622
19.	Furniture and equipment, including health care delivery assets (\$.....0) .....	199	199		
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....	817,243		817,243	639,690
22.	Health care (\$.....71,765) and other amounts receivable .....	94,062	22,387	71,675	61,692
23.	Aggregate write-ins for other than invested assets .....	1,500	1,500		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	16,546,941	24,718	16,522,223	12,574,133
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	16,546,941	24,718	16,522,223	12,574,133
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Prepaid rent .....	1,500	1,500		
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	1,500	1,500		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	5,959,819		5,959,819	4,025,830
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....	121,000		121,000	142,000
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	572,259		572,259	499,811
9.	General expenses due or accrued .....	129,579		129,579	83,804
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	786,765		786,765	553,030
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	7,799		7,799	13,103
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured plans .....	206,549		206,549	935,236
21.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
22.	Total liabilities (Lines 1 to 21) .....	7,783,770		7,783,770	6,252,814
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	10,000	10,000
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X	9,990,000	7,990,000
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	(1,261,547)	(1,678,681)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	8,738,453	6,321,319
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	16,522,223	12,574,133
DETAILS OF WRITE-INS					
2101.	.....				
2102.	.....				
2103.	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	96,882	100,420
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	35,542,880	34,469,375
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	Total revenues (Lines 2 to 7) .....	X X X .....	35,542,880	34,469,375
Hospital and Medical:				
9.	Hospital/medical benefits .....		26,330,841	24,895,838
10.	Other professional services .....		153,367	156,861
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		2,162,575	1,865,324
13.	Prescription drugs .....		4,192,014	3,587,444
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....		32,838,797	30,505,467
Less:				
17.	Net reinsurance recoveries .....		20,431	66,262
18.	Total hospital and medical (Lines 16 minus 17) .....		32,818,366	30,439,205
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....247,210 cost containment expenses .....		449,548	420,439
21.	General administrative expenses .....		2,236,387	2,435,193
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....		35,504,301	33,294,837
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	38,579	1,174,538
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		588,318	413,600
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27.	Net investment gains (losses) (Lines 25 plus 26) .....		588,318	413,600
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			(15)
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	626,897	1,588,123
31.	Federal and foreign income taxes incurred .....	X X X .....	258,140	566,791
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	368,757	1,021,332
DETAILS OF WRITE-INS				
0601.	.....	X X X .....		
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	Loss on sale of fixed assets .....			(15)
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			(15)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	6,321,319	5,320,878
34.	Net income or (loss) from Line 32 .....	368,757	1,021,332
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	34,311	3,520
39.	Change in nonadmitted assets .....	14,066	(24,411)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....	2,000,000	
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	2,417,134	1,000,441
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	8,738,453	6,321,319
DETAILS OF WRITE-INS			
4701.	.....		
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	35,689,333	34,439,364
2.	Net investment income .....	589,001	391,661
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	36,278,334	34,831,025
5.	Benefit and loss related payments .....	30,884,377	29,524,157
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	3,389,847	2,876,216
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	24,404	13,761
10.	Total (Lines 5 through 9) .....	34,298,628	32,414,134
11.	Net cash from operations (Line 4 minus 10) .....	1,979,706	2,416,891
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....	5,029,745	
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	5,029,745	
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		
13.2	Stocks .....	21,944	5,007,801
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	21,944	5,007,801
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	5,007,801	(5,007,801)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	2,000,000	
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(188,099)	1,936,592
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	1,811,901	1,936,592
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	8,799,408	(654,318)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	6,487,290	7,141,608
19.2	End of year (Line 18 plus Line 19.1) .....	15,286,698	6,487,290

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	35,542,880	25,542,466					10,000,414			
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....										X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
7.	Total revenues (Lines 1 to 6) .....	35,542,880	25,542,466					10,000,414			
8.	Hospital/medical benefits .....	26,330,841	17,834,335					8,496,506			X X X .....
9.	Other professional services .....	153,367	100,855					52,512			X X X .....
10.	Outside referrals .....										X X X .....
11.	Emergency room and out-of-area .....	2,162,575	1,755,948					406,627			X X X .....
12.	Prescription drugs .....	4,192,014	3,181,836					1,010,178			X X X .....
13.	Aggregate write-ins for other hospital and medical .....										X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....										X X X .....
15.	Subtotal (Lines 8 to 14) .....	32,838,797	22,872,974					9,965,823			X X X .....
16.	Net reinsurance recoveries .....	20,431						20,431			X X X .....
17.	Total hospital and medical (Lines 15 minus 16) .....	32,818,366	22,872,974					9,945,392			X X X .....
18.	Non-health claims (net) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
19.	Claims adjustment expenses including \$.....247,210 cost containment expenses .....	449,548	400,147					49,401			
20.	General administrative expenses .....	2,236,387	1,995,196					241,191			
21.	Increase in reserves for accident and health contracts .....										X X X .....
22.	Increase in reserves for life contracts .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
23.	Total underwriting deductions (Lines 17 to 22) .....	35,504,301	25,268,317					10,235,984			
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	38,579	274,149					(235,570)			
DETAILS OF WRITE-INS											
0501.	.....										X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X .....
0601.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0602.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0603.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
1301.	0 .....										X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	25,766,162		223,696	25,542,466
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	10,069,213		68,799	10,000,414
7.	Title XIX - Medicaid .....				
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	35,835,375		292,495	35,542,880
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	35,835,375		292,495	35,542,880

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	30,979,927	21,282,753					9,697,174			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	82,854	62,423					20,431			
1.4 Net .....	30,897,073	21,220,330					9,676,743			
2. Paid medical incentive pools and bonuses .....										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	5,959,819	4,786,434					1,173,385			
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	5,959,819	4,786,434					1,173,385			
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....										
6. Net healthcare receivables (a) .....	12,696	19,047					(6,351)			
7. Amounts recoverable from reinsurers December 31, current year .....										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	4,088,253	3,177,166					911,087			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....	62,423	62,423								
8.4 Net .....	4,025,830	3,114,743					911,087			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....										
11. Amounts recoverable from reinsurers December 31, prior year .....										
12. Incurred benefits:										
12.1 Direct .....	32,838,797	22,872,974					9,965,823			
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	20,431						20,431			
12.4 Net .....	32,818,366	22,872,974					9,945,392			
13. Incurred medical incentive pools and bonuses .....										

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	935,243	638,640					296,603			
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	935,243	638,640					296,603			
2. Incurred but Unreported:										
2.1 Direct .....	5,024,576	4,147,794					876,782			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	5,024,576	4,147,794					876,782			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	5,959,819	4,786,434					1,173,385			
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	5,959,819	4,786,434					1,173,385			

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	2,934,739	18,285,590	27,804	4,758,630	2,962,543	3,114,743
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	805,051	8,871,693	14,650	1,158,735	819,701	911,087
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	3,739,790	27,157,283	42,454	5,917,365	3,782,244	4,025,830
10.	Healthcare receivables (a) .....		94,062				81,366
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....						
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	3,739,790	27,063,221	42,454	5,917,365	3,782,244	3,944,464

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior .....	1,145	1,156	1,153	1,153	1,153
2.	2003 .....	17,319	18,913	18,931	18,961	18,929
3.	2004 .....	X X X	23,615	25,595	25,606	25,659
4.	2005 .....	X X X	X X X	25,282	28,003	28,031
5.	2006 .....	X X X	X X X	X X X	26,684	30,396
6.	2007 .....	X X X	X X X	X X X	X X X	27,158

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior .....	1,196	1,156	1,153	1,153	1,153
2.	2003 .....	19,337	18,997	18,931	18,961	18,929
3.	2004 .....	X X X	25,712	25,595	25,606	25,659
4.	2005 .....	X X X	X X X	28,314	28,085	28,031
5.	2006 .....	X X X	X X X	X X X	30,628	30,439
6.	2007 .....	X X X	X X X	X X X	X X X	33,075

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2003 .....	20,587	18,929	184	0.971	19,113	92.839			19,113	92.839
2.	2004 .....	27,814	25,659	488	1.903	26,147	94.008			26,147	94.008
3.	2005 .....	30,744	28,031	568	2.027	28,599	93.023			28,599	93.023
4.	2006 .....	34,470	30,396	431	1.416	30,827	89.430	43		30,870	89.555
5.	2007 .....	35,543	27,158	380	1.400	27,538	77.479	5,917	121	33,576	94.467

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)  
Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior .....	465	475	472	472	472
2.	2003 .....	10,947	12,045	12,020	12,015	11,983
3.	2004 .....	X X X	16,062	17,646	17,653	17,694
4.	2005 .....	X X X	X X X	17,672	19,601	19,612
5.	2006 .....	X X X	X X X	X X X	18,183	21,107
6.	2007 .....	X X X	X X X	X X X	X X X	18,286

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior .....	487	475	472	472	472
2.	2003 .....	12,185	12,097	12,020	12,015	11,983
3.	2004 .....	X X X	17,642	17,646	17,653	17,694
4.	2005 .....	X X X	X X X	19,685	19,655	19,612
5.	2006 .....	X X X	X X X	X X X	21,244	21,135
6.	2007 .....	X X X	X X X	X X X	X X X	23,044

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2003 .....	13,391	11,983	129	1.074	12,112	90.447			12,112	90.447
2.	2004 .....	19,958	17,694	405	2.291	18,099	90.687			18,099	90.687
3.	2005 .....	21,810	19,612	497	2.535	20,109	92.201			20,109	92.201
4.	2006 .....	24,277	21,107	379	1.796	21,486	88.504	28		21,514	88.619
5.	2007 .....	25,543	18,286	338	1.847	18,624	72.912	4,758	97	23,479	91.919

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior .....	680	681	681	681	681
2.	2003 .....	6,372	6,868	6,911	6,946	6,946
3.	2004 .....	X X X	7,553	7,949	7,953	7,965
4.	2005 .....	X X X	X X X	7,610	8,402	8,419
5.	2006 .....	X X X	X X X	X X X	8,501	9,289
6.	2007 .....	X X X	X X X	X X X	X X X	8,872

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1.	Prior .....	709	681	681	681	681
2.	2003 .....	7,152	6,900	6,911	6,946	6,946
3.	2004 .....	X X X	8,070	7,949	7,953	7,965
4.	2005 .....	X X X	X X X	8,629	8,430	8,419
5.	2006 .....	X X X	X X X	X X X	9,384	9,304
6.	2007 .....	X X X	X X X	X X X	X X X	10,031

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2003 .....	7,196	6,946	55	0.792	7,001	97.290			7,001	97.290
2.	2004 .....	7,856	7,965	83	1.042	8,048	102.444			8,048	102.444
3.	2005 .....	8,934	8,419	71	0.844	8,490	95.031			8,490	95.031
4.	2006 .....	10,193	9,289	51	0.554	9,340	91.636	15		9,355	91.784
5.	2007 .....	10,000	8,872	42	0.478	8,914	89.144	1,159	24	10,097	100.974

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....	6,089	3,964	39,497		49,550
2.	Salaries, wages and other benefits .....	193,865	170,429	865,824		1,230,118
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			670,579		670,579
4.	Legal fees and expenses .....			14,255		14,255
5.	Certifications and accreditation fees .....			801		801
6.	Auditing, actuarial and other consulting services .....	124	22,856	251,348		274,328
7.	Traveling expenses .....	1,654	1,069	18,528		21,251
8.	Marketing and advertising .....	29		33,941		33,970
9.	Postage, express and telephone .....	1,504	627	33,779		35,910
10.	Printing and office supplies .....	3,215	839	48,128		52,182
11.	Occupancy, depreciation and amortization .....	546	391	28,905		29,842
12.	Equipment .....	185	32	16,863		17,080
13.	Cost or depreciation of EDP equipment and software .....			79,944		79,944
14.	Outsourced services including EDP, claims, and other services .....	4,300	2,125	52,306		58,731
15.	Boards, bureaus and association fees .....	62	6	24,339		24,407
16.	Insurance, except on real estate .....			31,810		31,810
17.	Collection and bank service charges .....			12,870		12,870
18.	Group service and administration fees .....	35,637		3,511		39,148
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....			4,027		4,027
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....			5,126		5,126
23.2	State premium taxes .....					
23.3	Regulator authority licenses and fees .....					
23.4	Payroll taxes .....					
23.5	Other (excluding federal income and real estate taxes) .....			6		6
24.	Investment expenses not included elsewhere .....				1,346	1,346
25.	Aggregate write-ins for expenses .....					
26.	Total expenses incurred (Lines 1 to 25) .....	247,210	202,338	2,236,387	1,346	(a) 2,687,281
27.	Less expenses unpaid December 31, current year .....	62,920	58,080	129,579		250,579
28.	Add expenses unpaid December 31, prior year .....	73,840	68,160	83,804		225,804
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	258,130	212,418	2,190,612	1,346	2,662,506
DETAILS OF WRITE-INS						
2501.	.....					
2502.	.....					
2503.	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above) .....					

(a) Includes management fees of \$.....1,859,208 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a).....	
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a).....	
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash, cash equivalents and short-term investments .....	(e)..... 568,109	589,664
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	568,109	589,664
11.	Investment expenses .....		(g)..... 1,346
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		1,346
17.	Net Investment income (Line 10 minus Line 16) .....		588,318
DETAILS OF WRITE-INS			
0901.	0 .....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501.	.....		
1502.	.....		
1503.	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases. (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases. (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases. (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances. (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases. (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium. (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts. (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes. (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....					
1.1	Bonds exempt from U.S. tax .....					
1.2	Other bonds (unaffiliated) .....					
1.3	Bonds of affiliates .....					
2.1	Preferred stocks (unaffiliated) .....					
2.11	Preferred stocks of affiliates .....					
2.2	Common stocks (unaffiliated) .....					
2.21	Common stocks of affiliates .....					
3.	Mortgage loans .....					
4.	Real estate .....					
5.	Contract loans .....					
6.	Cash, cash equivalents and short-term investments .....					
7.	Derivative instruments .....					
8.	Other invested assets .....					
9.	Aggregate write-ins for capital gains (losses) .....					
10.	Total capital gains (losses) .....					
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....					

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties occupied for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Other invested assets (Schedule BA) .....			
8.	Receivables for securities .....			
9.	Aggregate write-ins for invested assets .....			
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....			
11.	Title plants (for Title insurers only) .....			
12.	Invested income due and accrued .....			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection .....	632	14,371	13,739
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3	Accrued retrospective premiums .....			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers .....			
14.2	Funds held by or deposited with reinsured companies .....			
14.3	Other amounts receivable under reinsurance contracts .....			
15.	Amounts receivable relating to uninsured plans .....			
16.1	Current federal and foreign income tax recoverable and interest thereon .....			
16.2	Net deferred tax asset .....			
17.	Guaranty funds receivable or on deposit .....			
18.	Electronic data processing equipment and software .....		395	395
19.	Furniture and equipment, including health care delivery assets .....	199	283	84
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
21.	Receivables from parent, subsidiaries and affiliates .....			
22.	Health care and other amounts receivable .....	22,387	19,674	(2,713)
23.	Aggregate write-ins for other than invested assets .....	1,500	4,061	2,561
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	24,718	38,784	14,066
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26.	Total (Lines 24 and 25) .....	24,718	38,784	14,066
DETAILS OF WRITE-INS				
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
2301.	Prepays .....	1,500	1,500	
2302.	Other AR .....		2,561	2,561
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page .....			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	1,500	4,061	2,561

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	6,714	6,095	6,114	6,064	5,870	73,069
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....	1,689	1,862	1,956	2,111	2,218	23,813
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	8,403	7,957	8,070	8,175	8,088	96,882
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

# Notes to Financial Statement

1. Summary of Significant Accounting Principles

A. Accounting Practices

The financial statements of Paramount Care of Michigan (the “Company”) are presented on a basis of accounting practices prescribed by the Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services.

The Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services recognizes only statutory accounting practices prescribed by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Michigan Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed practices by the State of Michigan.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts. Expenses incurred in connections with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost.
3. Common stock investments are stated at fair market value.
4. The Company has no preferred stock investments.
5. The Company does not invest in mortgage loans.
6. The Company has no investments in loan-backed securities.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
11. Unpaid losses and loss adjustment expenses include an amount from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company’s capitalization policy is those qualifying expenses over \$1,000.
13. The Company estimates its pharmaceutical rebate receivables based on historical recoveries per script and the number of scripts written.

2. Accounting Changes and Corrections of Errors

Notes to Financial Statement

-NOT APPLICABLE

3. Business Combinations and Goodwill

-NOT APPLICABLE

4. Discontinued Operations

-NOT APPLICABLE

5. Investments

- A. The company does not have any Mortgage Loan investments.
- B. The company is not a creditor for any Restructured Debt.
- C. The company does not have any reverse mortgages.
- D. The company does not have any loan-backed securities.
- E. The company does not have any re-purchase agreements.

6. Joint Ventures, Partnerships and Limited Liability Companies

-NOT APPLICABLE

7. Investment Income

The Company does not have any nonadmitted accrued investment income.

8. Derivative Instruments

-NOT APPLICABLE

9. Income Taxes

- A. The components of the net deferred tax asset (liability) at December 31 are as follows:

	2007	2006
Total of gross deferred tax assets	\$ 145,233	\$ 110,923
Total of deferred tax liabilities		
Net deferred tax asset	145,233	110,923
Deferred tax asset nonadmitted	-	-
Net admitted deferred tax asset	145,233	110,923
(Increase) decrease in nonadmitted asset	\$ -	\$ (3,520)

- B. The Company had no deferred tax liabilities that were not recognized as of December 31, 2007 or 2006.
- C. Current income taxes incurred consist of the following major components:

	2007	2006
Federal income taxes incurred	258,140	566,791

The main components of the 2007 and 2006 deferred tax amounts are as follows:

Notes to Financial Statement

	2007	2006
Deferred tax assets:		
Claims Closeout	\$ 42,350	\$ 49,700
Discounting of unpaid losses	55,163	31,772
Unearned premium	40,058	17,480
Other	7,662	11,971
Total deferred tax assets	145,233	110,923
Nonadmitted deferred tax assets	-	-
Admitted deferred tax assets	145,233	110,923
Deferred tax liabilities:		
Depreciation and Amortization		
Total deferred tax liabilities	-	-
Net admitted deferred tax asset	145,233	110,923

The changes in the main components of the deferred tax assets and deferred tax liabilities are as follows:

	2007	2006	Change
Total deferred tax assets	\$ 145,233	\$ 110,923	\$ 34,310
Total deferred tax liabilities	-	-	-
Net deferred tax asset (liability)	\$ 145,233	\$ 110,923	34,310
Tax affect of unrealized gains (losses)			
Change in net deferred income tax			\$ 34,310

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	2007	Effective tax rate
Provision computed at statutory rate	\$ 219,414	35%
Timing differences/Other	38,726	6%
Total	\$ 258,140	41%

  

Federal income taxes incurred	\$ 223,830
Change in net deferred income taxes	34,310
Total statutory income taxes	\$ 258,140

E. As of December 31, 2007 and 2006 the Company has no operating loss carry forwards to utilize.

F. The Company is a party to a tax sharing agreement with Promedica Insurance Corporation (PIC), Paramount Preferred Options (PPO), Paramount Insurance Company (PICO), Paramount Care, Inc. (PCI) and Paramount Benefits Agency (PBA). Tax returns are completed on a consolidated basis. However, allocation is based upon separate return calculations with current credit for net losses. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors. Intercompany tax balances are settled through the holding company.

Notes to Financial Statement

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is ultimately controlled by ProMedica Health System, Inc. (‘ProMedica’), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Company’s affiliates include PICO, PPO, PCI, PBA, Paramount Enhanced Care Management (PECM) and Paramount Advantage (PA). The Company also has many area hospitals as affiliates such as Toledo Hospital, Toledo Children’s Hospital, Flower Hospital, Bay Park Hospital, Emma L. Bixby Hospital, Defiance Hospital, Fostoria Hospital and Herrick Memorial Hospital. ProMedica Physician Group, a group of physicians owned by ProMedica, is also an affiliate of the Company.

The Company shares employees, services and assets pursuant to a Management Services Sharing Agreement with PCI. The shared services include member services, sales, accounting, information systems, medical direction and management, claims processing, provider relations and community relations. The cost of shared services is allocated between the Company and PCI based upon the percentage of subscribers at the end of each calendar month. For the years ended December 31, 2007 and 2006 the Company was allocated general administrative expenses of \$1,500,470 and \$1,508,431.

Promedica allocates corporate overhead to all Promedica entities pursuant to a Cost Allocation Agreement. The Company was allocated \$358,738 and \$276,060 of overhead expense in 2007 and 2006, respectively. The amount is to compensate Promedica for the services provided to the Company for corporate staff primarily in management, legal services, information services and investment management.

Balances outstanding with affiliated entities at December 31, 2007 and 2006

	2007		2006	
	Due from	Due to	Due from	Due to
Paramount Health Care	\$ 806,983		\$ 639,690	
Lenewee Health Alliance	10,260			12,982
Promedica Health System		7,799		
The Toledo Hospital				121
	\$ 817,243	\$ 7,799	\$ 639,690	\$ 13,103

Premiums billed to affiliated entities during fiscal year 2007 and 2006

	2007	2006
	Premiums	Premiums
Lenewee Health Alliance	\$ 7,796,717	\$ 7,593,637

Claims paid to affiliated entities during fiscal year 2007 and 2006

	2007	2006
Bay Park Community Hospital	\$99,568	\$235,042
Emma L Bixby Medical Center	3,008,436	2,246,612
Defiance Hospital	5,924	122
Flower Hospital	2,131,419	2,002,408
Herrick Memorial Hospital	1,046,182	746,288
Lake Park Skilled Nursing	208,158	245,762
Promed Phys LLC	899,757	438,037
Promedica Laboratories	207,394	162,888
The Toledo Hospital	5,479,408	5,942,290
Total	\$13,086,246	\$12,019,449

## Notes to Financial Statement

11. Debt

-NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Plans

A. The company does not participate in defined benefit plans.

B. Effective July 1, 2002, the System extended the ProMedica pension plan to the eligible employees of Paramount. The pension costs for Paramount are based on a direct calculation of certain cost components and the application of reasonable methodology for other cost components.

The company sponsors a 401(k) savings plan, whereby eligible employees may voluntarily contribute a percentage of their annual compensation. Under the provision of the plan, the Company annually matches employees' contributions up to 3% of compensation. All employees with at least one year of service are eligible for the plan match. If an employee has ten or more years of pension vesting service and is paid at least 1000 hours during the plan year and is employed at December 31 of any year, the company will contribute 2% of the employee's pay to his or her 401 (k) account. For the year ended December 31, 2006, contributions by the Company amounted to \$7,223. Effective January 1, 2007, PCM no longer had any direct employees.

C. The company does not participate in a multi-employer plan.

D. The company participates in a Consolidated/Holding Company Plan. See description at [A] above.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

A. The Company has 60,000 shares authorized and 1 share issued and outstanding.

B. The Company has no preferred stock.

C. During fiscal year 2007 and 2006 no dividends were paid to shareholders.

D. Within the limitations of [C] above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

E. There were no restrictions placed on the Company's surplus.

F. The Company received \$2,000,000 in capital contributions from its parent company, ProMedica Insurance Corp in 2007. No contributions were received in 2006.

G. There is no stock being held by the Company.

H. The Company has no special surplus funds.

I. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is zero.

J. The Company has no surplus debentures or other outstanding obligations.

K. The Company was not involved in a quasi-reorganization during the year.

14. Contingencies

Notes to Financial Statement

As of the date of this filing, Management is not aware of any contingent commitments, assessments or other contingencies that would materially impact the company.

15. Leases

The Company has entered into lease agreements for office space and office equipment. Rental expense charged to operations amounted to \$19,058 and \$20,748 in 2007 and 2006, respectively.

At January 1, 2008, the minimum aggregate rental commitments are as follows:

Year Ending December 31,	
2008	\$2,287
2009	\$2,287

The Company is not party to any capital or leveraged lease agreements, nor is it a lessor.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentration of Risk:

-NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

-NOT APPLICABLE

18. Gains or Loss from Uninsured A&H Plans and the Uninsured Portion or Partially Insured Plans

-NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

-NOT APPLICABLE

20. Other

The Company has no extraordinary items, troubled debt restructuring or other unusual disclosures to make.

21. Subsequent Events

There were no Type I or Type II subsequent events at the time of this filing that would materially alter the financial position of the Company.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1

- 1. None of the reinsurers listed in Schedule S as non-affiliated, are owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee or director of the company.
- 2. None of the policies issued by the company have been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess

Notes to Financial Statement

of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2

- 1. The company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- 2. The company does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3

- 1. The aggregate reduction in surplus for termination of all reinsurance agreements, by either party, as of the date of this statement is zero.
- 2. No new agreements have been executed or existing agreements amended since January 1, 2007 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B. The Company does not have any uncollectible reinsurance recorded on its books.

C. The company had no commutation of reinsurance.

23. Retrospectively Rated Contracts

-NOT APPLICABLE

24. Change in Incurred Claims and Claim Adjustment Expenses

As reported in the Underwriting and Investment Exhibit, part 2B, the estimated claim reserve as of December 31, 2006 was \$4,025,830. Actual payments made in 2007 against this claim reserve totaled \$3,739,790. The net change in estimate is \$286,040.

25. Intercompany Pooling Arrangements

-NOT APPLICABLE

26. Structured Settlements

-NOT APPLICABLE

27. Health Care Receivables

The Company estimates its pharmaceutical rebate receivables based on historical recoveries per script and the number of scripts written.

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Billed	Received within 90 days of billing	Received within 91-180 days of billing	Received More than 180 days after billing
12/31/2007	94,062	76,239	-	4,563	-
9/30/2007	88,709	76,425		76,425	
6/30/2007	86,229	100,202		99,169	1,033
3/31/2007	92,183	91,467		88,050	4,117
12/31/2006	81,366	86,930		78,796	8,134

28. Participating Policies

Notes to Financial Statement

-NOT APPLICABLE

29. Premium Deficiency Reserves

As of December 31, 2007 and 2006, the Company had no liability related to premium deficiency reserves. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

30. Anticipated Salvage and Subrogation

The Company did not have any salvage and subrogation in the current year.

31. Organization and Operation

Paramount Care of Michigan, Inc. (Company) was incorporated for the purpose of providing comprehensive health care services on a prepaid basis and establishing and operating a health maintenance organization in southeastern Michigan. The Company is a wholly owned subsidiary of Promedica Insurance Corporation (PIC), formerly known as Vanguard Health Ventures, Inc., which in turn is a wholly owned subsidiary of Promedica Health System (Promedica). The Company formally commenced operations on December 1, 1997.

The statements of revenues and expenses reflect revenues, cost of health care services, and general and administrative expenses relating to risk contracts only.

32. Minimum Net Worth

Under the laws of the State of Michigan, the Plan is required to maintain a statutory certificate of deposit based on 5% of the net revenue from risk contracts plus an additional \$100,000 with a maximum of \$1,000,000. This amount is maintained in the cash balance on the asset page and is broken out separately on the schedule of special deposits. The statutory deposit was calculated as follows:

Net earned subscription revenue	\$35,542,880
	<u>X5%</u>
5% of revenue	\$ 1,777,144
Total required deposit	\$ 1,000,000
Actual deposited amount	\$ 1,000,000

Under the laws of the State of Michigan, the Plan is also required to maintain a working capital amount of greater than \$250,000. The working capital calculation is as follows:

Current Assets	\$15,520,015
Current Liabilities	<u>(\$7,783,770)</u>
Working Capital	\$7,736,245

The company is also expected to maintain a minimum net worth determined by using accounting procedures approved by the commissioner that ensure that a health maintenance organization is financially and actuarially sound. The commissioner takes into account the risk-based capital requirements as developed by the national association of insurance commissioners in order to determine adequate compliance.

PCM Total Adjusted Capital	\$8,738,453
Company Action Level 200%	\$4,315,344
Regulatory Action Level 150%	\$3,236,508
Authorized Action Level 100%	\$2,157,672

**Notes to Financial Statement**

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....				
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA .....				
1.512	Issued or Guaranteed by FNMA and FHLMC .....				
1.513	All other .....				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....				
1.523	All other .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (including \$.....0 of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (including \$.....0 property acquired in satisfaction of debt) .....				
6.	Contract loans .....				
7.	Receivables for securities .....				
8.	Cash, cash equivalents and short-term investments .....	15,286,698	100.000	15,286,698	100.000
9.	Other invested assets .....				
10.	Total invested assets .....	15,286,698	100.000	15,286,698	100.000

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating?

Michigan
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/09/2004
- 3.4 By what department or departments?  
OFIS
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		.. Yes[ ] No[X] .	.. Yes[ ] No[X] .	.. Yes[ ] No[X] .	.. Yes[ ] No[X] .	.. Yes[ ] No[X] .

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Timothy Gustafson FSA,MAAA, Deloitte & Touche LLP, 180 N. Stenson Ave., Chicago, IL 60601
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
c. Compliance with applicable governmental laws, rules and regulations;  
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
e. Accountability for adherence to the code.

Yes[X] No[ ]
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[ ] No[X]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ ..... 0

18.12 To stockholders not officers

\$ ..... 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ ..... 0
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ ..... 0

18.22 To stockholders not officers

\$ ..... 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ ..... 0
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ ..... 0

19.22 Borrowed from others

\$ ..... 0

19.23 Leased from others

\$ ..... 0

19.24 Other

\$ ..... 0
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ ..... 0

20.22 Amount paid as expenses

\$ ..... 0

20.23 Other amounts paid

\$ ..... 0
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[ ]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ ..... 0

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date?

Yes[X] No[ ]
- 22.2 If no, give full and complete information, relating thereto:
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1).

Yes[ ] No[X]
- 23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Loaned to others

\$ ..... 0

23.22 Subject to repurchase agreements

\$ ..... 0

23.23 Subject to reverse repurchase agreements

\$ ..... 0

23.24 Subject to dollar repurchase agreements

\$ ..... 0

23.25 Subject to reverse dollar repurchase agreements

\$ ..... 0

23.26 Pledged as collateral

\$ ..... 0

23.27 Placed under option agreements

\$ ..... 0

23.28 Letter stock or securities restricted as to sale

\$ ..... 0

23.29 On deposit with state or other regulatory body

\$ ..... 0

23.291 Other

\$ ..... 0
- 23.3 For category (23.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

Yes[ ] No[ ] N/A[X]
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year.

\$ ..... 0
26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

GENERAL INTERROGATORIES (Continued)

1 Name of Custodian(s)	2 Custodian's Address
Mellon Trust .....	Three Mellon Center, Suite153-3925, Pittsburg, PA .....

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes[ ] No[X]  
26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[ ] No[X]  
27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total .....	.....	.....

27.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3  Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

28. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	..... 5,269,494	..... 5,269,494	.....
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals .....	..... 5,269,494	..... 5,269,494	.....

28.4 Describe the sources of methods utilized in determining the fair values  
New York Stock Exchange, American Stock Exchange, NASDAQ, NAIC

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]  
29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 16,000  
30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
Michigan Association of Health Plans .....	..... 16,000

31.1 Amount of payments for legal expenses, if any?

31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 14,255

1 Name	2 Amount Paid
.....	.....

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$..... 0

1 Name	2 Amount Paid
.....	.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ ..... 0

1.62 Total incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ ..... 0

1.65 Total incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ ..... 0

1.72 Total incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ ..... 0

1.75 Total incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	35,542,880	34,469,375
2.2	Premium Denominator .....	35,542,880	34,469,375
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	5,959,819	4,025,830
2.5	Reserve Denominator .....	5,959,819	4,025,830
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 165,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

The plan has held harmless provisions with network hospitals. The company's reinsurance contract does provide for payment of certain benefits for 30 days following an event of insolvency.

7.1 Does the reporting entity set up its claim liability for provider services on a service date base?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 1,426

8.2 Number of providers at end of reporting year

..... 1,667

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[ ] No[X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 0

10.22 Amount actually paid for year bonuses

\$ ..... 0

10.23 Maximum amount payable withholds

\$ ..... 0

10.24 Amount actually paid for year withholds

\$ ..... 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ ..... 4,315,344

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

200% of RBC

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Lenewee .....
Monroe .....

FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	16,522,223	12,574,133	8,949,705	7,951,478	4,637,029
2. Total liabilities (Page 3, Line 22) .....	7,783,770	6,252,814	3,628,827	2,963,344	2,798,078
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 31) .....	8,738,453	6,321,319	5,320,878	4,988,134	1,838,950
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8) .....	35,542,880	34,469,375	30,743,039	27,814,359	20,586,972
6. Total medical and hospital expenses (Line 18) .....	32,818,366	30,439,205	28,129,187	25,331,724	18,921,655
7. Claims adjustment expenses (Line 20) .....	449,548	420,439	586,334	469,976	142,280
8. Total administrative expenses (Line 21) .....	2,236,387	2,435,193	2,708,602	2,611,375	2,301,644
9. Net underwriting gain (loss) (Line 24) .....	38,579	1,174,538	(381,084)	(898,716)	(778,607)
10. Net investment gain (loss) (Line 27) .....	588,318	413,600	188,640	23,225	22,136
11. Total other income (Lines 28 plus 29) .....		(15)			
12. Net income or (loss) (Line 32) .....	368,757	1,021,332	(97,988)	(668,379)	(484,028)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	1,979,706	2,416,891	1,048,674	6,041	
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital .....	8,738,453	6,321,319	5,320,878	4,988,134	1,838,950
15. Authorized control level risk-based capital .....	2,157,672	2,032,409	1,950,559	1,820,434	1,209,340
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	8,088	8,403	8,101	8,171	7,676
17. Total members months (Column 6, Line 7) .....	96,882	100,420	97,677	96,822	76,059
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	92.3	88.3	91.5	91.0	92.0
20. Cost containment expenses .....	0.7	0.7	1.1	0.9	X X X
21. Other claims adjustment expenses .....	0.6	0.6	0.8	0.8	0.7
22. Total underwriting deductions (Line 23) .....	99.9	96.6	101.2	103.2	103.8
23. Total underwriting gain (loss) (Line 24) .....	0	3	(1)	(3)	(4)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5) .....	3,782,244	2,844,142	1,994,359	1,689,391	1,197,106
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	3,944,464	3,032,861	2,180,266	2,069,565	1,613,265
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 7) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. Total of above Lines 26 to 31 .....					

SCHEDULE D - SUMMARY BY COUNTRY  
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....				
	2.	Canada .....				
	3.	Other Countries .....				
	4.	Totals .....				
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....				
	22.	Canada .....				
	23.	Other Countries .....				
	24.	Totals .....				
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....				
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....	NONE			
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....				

SCHEDULE D - Verification Between Years  
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	5,007,801	7. Amortization of premium.....	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	21,944	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....		8.1 Column 15, Part 1.....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	
4.1 Columns 12 - 14, Part 1.....		8.3 Column 16, Part 2, Section 2.....	
4.2 Column 15 - 17, Part 2, Section 1....		8.4 Column 15, Part 4.....	
4.3 Column 15, Part 2, Section 2.....		9. Book/adjusted carrying value at end of current period.....	
4.4 Column 11 - 13, Part 4.....		10. Total valuation allowance.....	
5. Total gain (loss), Column 19, Part 4.....		11. Subtotal (Lines 9 plus 10).....	
6. Deduct consideration for bonds and stocks disposed of		12. Total nonadmitted assets.....	
Column 7, Part 4.....	5,029,745	13. Statement value of bonds and stocks, current period.....	

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1  Is Insurer Licensed (Yes or No)	Direct Business Only						
			2  Accident & Health Premiums	3  Medicare Title XVIII	4  Medicaid Title XIX	5  Federal Employees Health Benefits Program Premiums	6  Life & Annuity Premiums & Other Considerations	7  Property/ Casualty Premiums	8  Total Columns 2 Through 7
State, Etc.									
1.	Alabama (AL) .....	No							
2.	Alaska (AK) .....	No							
3.	Arizona (AZ) .....	No							
4.	Arkansas (AR) .....	No							
5.	California (CA) .....	No							
6.	Colorado (CO) .....	No							
7.	Connecticut (CT) .....	No							
8.	Delaware (DE) .....	No							
9.	District of Columbia (DC) .....	No							
10.	Florida (FL) .....	No							
11.	Georgia (GA) .....	No							
12.	Hawaii (HI) .....	No							
13.	Idaho (ID) .....	No							
14.	Illinois (IL) .....	No							
15.	Indiana (IN) .....	No							
16.	Iowa (IA) .....	No							
17.	Kansas (KS) .....	No							
18.	Kentucky (KY) .....	No							
19.	Louisiana (LA) .....	No							
20.	Maine (ME) .....	No							
21.	Maryland (MD) .....	No							
22.	Massachusetts (MA) .....	No							
23.	Michigan (MI) .....	Yes	25,766,162	10,069,213				35,835,375	
24.	Minnesota (MN) .....	No							
25.	Mississippi (MS) .....	No							
26.	Missouri (MO) .....	No							
27.	Montana (MT) .....	No							
28.	Nebraska (NE) .....	No							
29.	Nevada (NV) .....	No							
30.	New Hampshire (NH) .....	No							
31.	New Jersey (NJ) .....	No							
32.	New Mexico (NM) .....	No							
33.	New York (NY) .....	No							
34.	North Carolina (NC) .....	No							
35.	North Dakota (ND) .....	No							
36.	Ohio (OH) .....	No							
37.	Oklahoma (OK) .....	No							
38.	Oregon (OR) .....	No							
39.	Pennsylvania (PA) .....	No							
40.	Rhode Island (RI) .....	No							
41.	South Carolina (SC) .....	No							
42.	South Dakota (SD) .....	No							
43.	Tennessee (TN) .....	No							
44.	Texas (TX) .....	No							
45.	Utah (UT) .....	No							
46.	Vermont (VT) .....	No							
47.	Virginia (VA) .....	No							
48.	Washington (WA) .....	No							
49.	West Virginia (WV) .....	No							
50.	Wisconsin (WI) .....	No							
51.	Wyoming (WY) .....	No							
52.	American Samoa (AS) .....	No							
53.	Guam (GU) .....	No							
54.	Puerto Rico (PR) .....	No							
55.	U.S. Virgin Islands (VI) .....	No							
56.	Northern Marianas Islands (MP) .....	No							
57.	Canada (CN) .....	No							
58.	Aggregate other alien (OT) .....	X X X							
59.	Subtotal .....	X X X	25,766,162	10,069,213				35,835,375	
60.	Reporting entity contributions for Employee Benefit Plans .....	X X X							
61.	TOTAL (Direct Business) .....	(a) ... 1	25,766,162	10,069,213				35,835,375	
DETAILS OF WRITE-INS									
5801.	.....	X X X							
5802.	.....	X X X							
5803.	.....	X X X							
5898.	Summary of remaining write-ins for Line 58 from overflow page .....	X X X							
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	X X X							

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

ORGANIZATION CHART

Paramount Care, Inc. is ultimately controlled by ProMedica Health System, Inc. (“ProMedica”), a nonprofit holding company exempt from federal taxation under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The following coding system is used to show the interrelationships among the various members of the insurance holding company system:

- A circle means that ProMedica is the sole member/parent of the entity
- ◆ Each entity marked with a diamond is a subsidiary of the entity listed directly above and denoted with a circle.
- Each entity marked with a square is a subsidiary of the entity listed directly above and marked with a diamond.
- Each entity marked with an arrow is a member of the insurance holding company system.

The following list depicts the identities and interrelationships of affiliated persons within the insurance holding company system.

- ProMedica Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation, an Ohio nonprofit corporation
- Fostoria Hospital Association, an Ohio nonprofit corporation
- ◆ Fostoria Community Hospital Foundation, an Ohio nonprofit corporation
- ProMedica Health, Education and Research Corporation Foundation, an Ohio nonprofit corporation
- ProMedica Physician Corporation f/k/a ProMedica Physicians Enterprises, an Ohio nonprofit corporation .
- ◆ ProMedica Physician Hospital Organization, Inc., an Ohio for-profit corporation and a wholly-owned subsidiary of ProMedica Physician Corporation
- ◆ ProMedica Physician Group, Inc., an Ohio professional association which is beneficially owned by ProMedica Physician Corporation pursuant to the terms of a Share Control Agreement, dated as of June 2, 1999, by and among ProMedica Physician Corporation, Lee Hammerling, M.D. and ProMedica Physician Group, Inc. Dr. Hammerling holds legal ownership of all outstanding shares of capital stock of ProMedica Physician Group.
  - ProMedica Central Corporation of Michigan, a Michigan nonprofit corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.
  - ProMedica Central Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
  - ProMedica North Physicians Corporation, a Michigan nonprofit stock corporation and a wholly-owned subsidiary of ProMedica Physician Group, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

- ProMedica West Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica South Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- ProMedica East Physicians, LLC, an Ohio limited liability company with ProMedica Physician Group, Inc. as its sole member
- Midwest Cardiovascular Consultants, LLC
- ProMedica Orthopedic Physicians, LLC
- ProMedica Indemnity Corporation, a Vermont nonprofit corporation
- ProMedica Insurance Corporation f/k/a ProMedica Health Ventures Corporation f/k/a Vanguard Health Ventures, Incorporated, an Ohio for-profit corporation
  - ◆ Paramount Preferred Options, Inc., an Ohio for-profit corporation, which is wholly-owned by ProMedica Insurance Corporation
  - ◆ Paramount Care, Inc., an Ohio health-insuring corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
  - ◆ Paramount Benefits Agency, Inc., an Ohio for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
  - ◆ Paramount Care of Michigan, Inc., a Michigan for-profit corporation and a wholly-owned subsidiary of ProMedica Insurance Corporation
  - ◆ Paramount Insurance Company f/k/a ProMedica Life Insurance Company, a for-profit corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
  - ◆ Paramount Enhanced Care Management Company, a corporation organized exclusively for charitable and educational purposes, a wholly-owned subsidiary of Promedica Insurance Corporation
  - ◆ Paramount Advantage, an Ohio corporation and a wholly owned subsidiary of ProMedica Insurance Corporation
- ProMedica Continuing Care Services Corporation f/k/a Crestview of Ohio, Inc., an Ohio nonprofit corporation
  - ◆ Toledo District Nurse Association, an Ohio nonprofit corporation
  - ◆ ProMedica Courier Service, Inc.
  - ◆ Visiting Nurse Hospice & Health Care, an Ohio nonprofit corporation

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

- ◆ The Flower Market, Inc.
- ProMedica Continuing Care Services Corporation Foundation, an Ohio nonprofit corporation
- Bay Park Community Hospital, an Ohio nonprofit corporation
- Bay Park Community Hospital Foundation, an Ohio nonprofit corporation
- Defiance Hospital, Inc., an Ohio nonprofit corporation
- Defiance Hospital Foundation, an Ohio nonprofit corporation
- ProMedica North Region, a Michigan nonprofit corporation
- ◆ Emma L. Bixby Medical Center, a Michigan nonprofit corporation and a wholly-owned subsidiary of Lenawee Health Alliance, Inc.
  - Bixby Community Hospital Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Emma L. Bixby Medical Center
- ◆ Lenawee Long Term Care Corporation, a Michigan nonprofit corporation and wholly-owned subsidiary of Emma L. Bixby Medical Center.
- ◆ Herrick Memorial Hospital, Inc., a Michigan nonprofit corporation and a wholly-owned subsidiary of Lenawee Health Alliance, Inc.
  - Herrick Foundation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
  - Herrick Development Corporation, a Michigan nonprofit corporation and a wholly-owned subsidiary of Herrick Memorial Hospital, Inc.
- The Toledo Hospital, an Ohio nonprofit corporation, of which Toledo Children’s Hospital f/k/a ProMedica Children’s Medical Center of Northwest Ohio is a division
  - ◆ Reynolds Road Fitness Center, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital
  - ◆ Reynolds Road Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 67% ownership interest, with various physicians having a remaining 33% interest.
  - ◆ Parkway Surgery Center, LLC, an Ohio limited liability company in which The Toledo Hospital has a 40% ownership interest, with various physicians having a remaining 60% interest.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

- ◆ Central Region Properties, an Ohio corporation that is a wholly owned subsidiary of The Toledo Hospital.
- ◆ Northwest Ohio Breast MRI, an Ohio company in which The Toledo Hospital and Toledo Radiological Associates each hold a 50% ownership interest
- The Toledo Hospital Foundation f/k/a ProMedica Foundation, an Ohio nonprofit corporation
- Toledo Children’s Hospital Foundation, an Ohio nonprofit corporation
- Flower Hospital, an Ohio nonprofit corporation
- Flower Hospital Foundation, an Ohio nonprofit corporation
- PHS Ventures, Inc.

Other Affiliated Entities

- Lima Memorial Joint Operating Company, an Ohio non-profit corporation, in which Lima Memorial Hospital, an Ohio non-profit corporation, and PHS Ventures, Inc. each hold a 50% ownership interest.

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